

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

SUSAN BITTER SMITH - CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

2015 DEC -7 P 4:41

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
BN LEASING CORPORATION, A
DELAWARE CORPORATION, d.b.a.,
AUBREY WATER COMPANY, FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
FOR INCREASES IN ITS WATER RATES
AND CHARGES FOR UTILITY SERVICE
BASED THEREON.

DOCKET NO. W-03476A-15-0286

**STAFF'S NOTICE OF FILING
SETTLEMENT AGREEMENT**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files in the above-referenced docket the Settlement Agreement attached hereto.

The Settlement Agreement was signed by Staff on December 7, 2015. Counsel for Aubrey Water Company has authorized Staff to inform the Commission that the Company is in agreement with the terms and conditions of the Settlement Agreement; however, the Company's representative who will be signing the Settlement Agreement is not available today. The Company will file its signature page with the Commission as a subsequent exhibit at the earliest possible time.

RESPECTFULLY SUBMITTED this 7th day of December, 2015.

Robert Geake
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

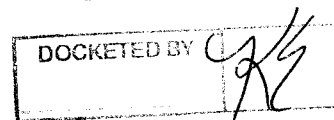
Original and thirteen (13) copies of the foregoing filed this 7th day of December, 2015, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission

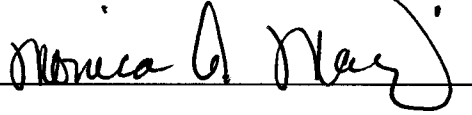
DOCKETED

DEC 07 2015



1 Copy of the foregoing mailed this 7th day
2 of December, 2015, to:

3 Patrick J. Black
4 FENNEMORE CRAIG, P.C.
5 2394 E. Camelback Road, Suite 600
6 Phoenix, Arizona 85016
7 Attorneys for Aubrey Water Company

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AUBREY WATER COMPANY

PROPOSED SETTLEMENT AGREEMENT

DOCKET NO: W-03476A-15-0286

DECEMBER 7, 2015

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ATTACHMENTS

WATER DIVISION SCHEDULES	ATTACHMENT A
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**PROPOSED SETTLEMENT AGREEMENT
DOCKET NO: W-03476A-15-0286
FOR AN INCREASE IN WATER RATES AND CHARGES**

The purpose of this Settlement Agreement ("Agreement") is to resolve disputed issues related to Docket No. W-03476A-15-0286 regarding BN Leasing Corporation, d.b.a. Aubrey Water Company's ("Aubrey" or "Company") application for an increase in its water rates. This Agreement is entered into by the following parties: (1) Company; (2) Arizona Corporation Commission ("Commission") Utilities Division ("Staff"). These entities shall be referred to collectively as "Parties" or "Signatories;" a single entity shall be referred to individually as a "Party" or "Signatory."

I. RECITALS.

- 1.1 Aubrey filed the underlying rate application on August 6, 2015 using a test year ending on December 31, 2014. Staff found the application sufficient on September 4, 2015.
- 1.2 On November 3, 2015 (subsequently revised in a November 5, 2015 filing to change the Starting Time), Staff filed a Notice of Settlement Discussion. Such settlement discussions were conducted among the parties on November 10, 2015. The settlement discussions were open, transparent, and inclusive of all parties to this Docket. All parties were encouraged to participate in the negotiations, and were provided with an equal opportunity to participate.
- 1.3 The terms of this Agreement are just, reasonable, fair, and in the public interest in that they, among other things, establish just and reasonable rates for Aubrey customers; promote the convenience, comfort and safety, and the preservation of health, of the employees and patrons of Aubrey; resolve the issues arising from this Docket; and avoid unnecessary litigation expense and delay.
- 1.4 The Signatories agree to ask the Commission to (1) find that the terms and conditions of this Agreement are just and reasonable and in the public interest, along with any and all other necessary findings, and (2) approve the Agreement such that it and the rates contained herein may become effective the first billing cycle after the effective date of the Commission decision approving the Agreement.

TERMS AND CONDITIONS

II. REVENUE REQUIREMENT AND RATE INCREASE.

- 2.1 **Rate Base.** The Parties agree that the Company has a fair value rate base of \$1,263,115.
- 2.2 **Adjusted Test Year Revenues.** Adjusted test year revenues inclusive of the rate increase are \$391,099.
- 2.3 **Rate of Return.** The Parties agreed to an 8.50% rate of return.

- 2.4 Gross Revenue Conversion Factor.** The Parties agree that the gross revenue conversion factor is 1.4214.
- 2.5 Increase in Gross Revenue.** The revenue requirement increase is \$225,617. This is an increase over adjusted test-year revenues of 136.35%. *See Attachment A.*
- 2.6 Phase-In and Rate Design.** To mitigate the impact on customers, the Company will phase-in rates in three stages. This three year phase-in will allow for a rate adjustment of approximately 50% of the total increase in the first year, and an additional 25% of the agreed total increase in years two and three. This phase-in provision will promote rate change gradualism to the benefit of ratepayers. The phase-in rates are set forth in Attachment A, Schedule 4-3.
- 2.7 Standpipe and Bulk Water Service.** The Company's standpipe and bulk water service rates will not be subject to phase-in.
- 2.8 Bill Impact.** The typical residential 3/4-inch bill with a median months' usage of 2,470 gallons of water would increase from \$16.82 to \$25.44, which is an increase of \$8.62 or 51.25% under Phase 1 of the rate increase, under Phase 2 of the rate increase, rates would increase from \$16.82 to \$25.44, which is an increase of \$15.31, or 91.02%, and under Phase 3 of the rate increase, rates would increase from \$16.82 to \$38.87, which is an increase of \$22.05 or 131.09%.

III. POST-DECISION COMPANY DUTIES

- 3.1 Depreciation and Amortization.** The depreciation and amortization rates proposed by Staff, including the requested change in depreciation rate from 12.5% to 8% for the Company's pumping equipment, shall be adopted until further order of the Commission. The approved depreciation rates are set forth in Attachment A, Schedule C.2.
- 3.2 Service Line and Meter Installation Charges; Other Service Charges.** The Company's proposed Service Line and Meter Installation Charges and Other Service Charges shall be adopted until further order of the Commission. These charges are set out in the table set forth in Attachment A, Schedule H-3, page 3.
- 3.3 Water Loss Reduction and Conservation.**
- a. Within ninety (90) days of the effective date of the decision in this case, as a compliance requirement, the Company will file in Docket Control at least three Best Management Practices ("BMP") in the form of templates created by Staff; the templates are available on the Commission's website at <http://www.azcc.gov/Divisions/Utilities/forms.asp>. The Company may request, in its next general rate case application, cost recovery of actual expenses associated with the BMPs the Company implemented.
 - b. i. Within twelve (12) months of the effective date on the decision in this case, Aubrey will retain an outside contractor to conduct a distribution system leak survey and prepare a written report documenting the leak survey results, including field sketches and digitized maps of identified leak locations. Based on the results of the leak survey, Aubrey shall prioritize necessary leak repairs and main replacements and prepare a water loss reduction plan.

ii. Aubrey will file its water loss reduction plan with Docket Control, as a compliance requirement in this Docket, within eighteen (18) months of the effective date of the decision in this case.

iii. Beginning with calendar year 2017, Aubrey shall file with Docket Control, as a compliance requirement in this case, an annual water loss monitoring report for its entire system for the twelve (12) consecutive months of each calendar year. Aubrey shall file the water loss monitoring reports not later than March 30 of the following calendar year. Aubrey must continue filing annual water loss monitoring reports until its annual water loss is less than ten percent (10%), or until further order of the Commission, whichever comes first.

IV. COMMISSION EVALUATION OF PROPOSED SETTLEMENT.

- 4.1 The Staff Report will be offered into the Commission's record as evidence. The Staff Report is structured to acknowledge that the Staff and the Company have entered into a proposed settlement agreement and will urge the Commission to approve the terms and conditions of the proposed settlement agreement and include them in its final decision and order in this case.
- 4.2 The Company recognizes that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding.
- 4.3 This Agreement will serve as a procedural device by which the Signatories will submit their proposed settlement of Aubrey's pending rate case, Docket No. W-03476A-15-0286, to the Commission.
- 4.4 The Parties recognize that the Commission will independently consider and evaluate the evidence in the record and terms of this Agreement. If the Commission issues an order adopting all material terms of this Agreement, such action will constitute Commission approval of the Agreement. Thereafter, the Parties will abide by the terms as approved by the Commission.
- 4.5 If the Commission fails to issue an order adopting all material terms of this Agreement, either of the Parties may withdraw from this Agreement, and such Party or Parties may pursue without prejudice their respective remedies at law. For purposes of this Agreement, whether a term is material will be left to the discretion of the party choosing to withdraw from the Agreement.

VI. MISCELLANEOUS PROVISIONS.


- 5.1 To achieve consensus for settlement, the Parties are accepting positions that, in any other circumstances, they would be unwilling to accept. They are doing so because this Agreement, as a whole, is consistent with their long-term interests and with the broad public interest. The acceptance by the Company or Staff of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.
- 5.2 Neither the Company nor Staff is bound by any position asserted in negotiations, except as expressly stated in this Agreement. Neither the Company nor Staff shall

offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, any other regulatory agency, or any court.

- 5.3 Neither this Agreement nor any of the positions taken in this Agreement by the Company or Staff may be referred to, cited, and/or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except to secure approval of this Agreement and enforce its terms.
- 5.4 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule or regulation, this Agreement shall control.
- 5.5 Each of the terms of this Agreement is in consideration of all other terms of this Agreement. Accordingly, the terms are not severable.
- 5.6 The Company and Staff shall make reasonable and good faith efforts necessary to obtain a Commission order approving this Agreement. The Company and Staff shall support and defend this Agreement before the Commission. Subject to Paragraph 4.4 above, if the Commission adopts an order approving all material terms of the Agreement, the Company and Staff will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.
- 5.7 This Agreement may be executed in any number of counterparts and on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

DATED this 7th day of December, 2015.

ARIZONA CORPORATION COMMISSION

By 
Title Director, Utility
Date 12/8/2015

AUBREY WATER COMPANY

By _____
Title _____
Date _____

ATTACHMENT

A

Aubrey Water Company

Test Year Ended December 31, 2014

Computation of Increase in Gross Revenue Requirements

Exhibit: Settlement
Schedule A-1

Line No.		<u>Settlement</u>
1	Adjusted Rate Base	\$ 1,263,115
2		
3	Adjusted Operating Income	(51,371)
4		
5	Current Rate of Return	-4.07%
6		
7	Required Rate of Return	8.50%
8		
9	Required Operating Income	\$ 107,365
10		
11	Operating Income Deficiency	\$ 158,736
12		
13	Gross Revenue Conversion Factor	1.4214
14		
15	Increase in Gross Revenue	\$ 225,627
16		
17	Adjusted Test Year Revenue	\$ 165,472
18		
19	Proposed Annual Revenue	\$ 391,099
20		
21	Percent Increase in Gross Revenue	136.35%
22		

Aubrey Water Company
Test Year Ended December 31, 2014
Summary of Original Cost Rate Base Elements

Exhibit: Settlement
Schedule B-1

Line No.		Company As Filed	Settlement Adjustments	Settlement
1				
2	Gross Utility Plant in Service	\$ 1,724,320		\$ 1,724,320
3				
4	Less: Accumulated Depreciation	(311,583)		(311,583)
5				
6	Net Utility Plant in Service	1,412,737		1,412,737
7				
8	Less:			
9	Advances in Aid of Construction	439		439
10				
11	Contributions in Aid of Construction	6,046		6,046
12	Accumulated Amortization of CIAC	(1,066)		(1,066)
13	Contributions in Aid of Construction - Net	4,980		4,980
14				
15	Customer Security Deposits	4,956		4,956
16	Deferred Income Taxes	139,246		139,246
17				
18	Plus:			
19	Working Capital	-		-
20	Net Regulatory Asset / (Liability)	-		-
21				
22	Rate Base	\$ 1,263,115		\$ 1,263,115
23				

Aubrey Water Company
Test Year Ended December 31, 2014
Adjusted Test Year Income Statement

Exhibit: Settlement
Schedule C-1

Line No.		Company As Filed	Settlement Adjustments	Settlement	Proposed Rate Increase	Settlement With Rate Increase
1	Revenues					
2	460 Unmetered Water Revenue	\$ -		\$ -	-	\$ -
3	461 Metered Water Revenues	164,247		164,247	225,627	389,874
4	471 Miscellaneous Service Revenue	1,150		1,150	-	1,150
5	474 Other Water Revenues	75		75	-	75
6	Total Revenues	\$ 165,472		\$ 165,472	\$ 225,627	\$ 391,099
7	Operating Expenses					
8	601 Salaries and Wages	\$ -		\$ -		\$ -
9	603 Salaries and Wages - Officers and Directors	-		-		-
10	604 Employee Pension and Benefits	-		-		-
11	610 Purchased Water	-		-		-
12	615 Purchased Power	30,469	(3,446)	27,023		27,023
13	618 Chemicals	-		-		-
14	620 Repairs and Maintenance	17,715		17,715		17,715
15	621 Office Supplies Expense	2,642		2,642		2,642
16	631 Contractual Services - Engineering	-		-		-
17	632 Contractual Services - Accounting	1,980		1,980		1,980
18	633 Contractual Services - Legal	-		-		-
19	634 Contractual Services - Management Fees	10,263		10,263		10,263
20	635 Contractual Services - Testing	3,098	(805)	2,293		2,293
21	636 Contractual Services - Other	69,136		69,136		69,136
22	641 Rent - Buildings	-		-		-
23	642 Rent - Equipment	-		-		-
24	650 Transportation Expense	5,253		5,253		5,253
25	656 Insurance - Vehicle	-		-		-
26	657 Insurance - General Liability	2,825		2,825		2,825
27	658 Insurance - Workman's Compensation	-		-		-
28	659 Insurance - Other	-		-		-
29	660 Advertising Expense	-		-		-
30	666 Regulatory Commission Expense - Rate Case	15,000	(3,000)	12,000		12,000
31	667 Regulatory Expense - Other	-		-		-
32	668 Water Resource Conservation Expense	-		-		-
33	670 Bad Debt Expense	1,901		1,901	2,592	4,493
34	675 Miscellaneous Expense	153		153		153
35	403 Depreciation Expense	69,941		69,941		69,941
36	408 Taxes Other Than Income	-		-		-
37	408.11 Property Taxes	7,640		7,640	3,473	11,113
38	409 Income Tax	(14,582)	658	(13,924)	60,826	46,902
39	Total Operating Expenses	\$ 223,436	\$ (6,593)	\$ 216,843	\$ 66,891	\$ 283,734
40	Operating Income	\$ (57,964)	\$ 6,593	\$ (51,371)	\$ 158,736	\$ 107,365
41	Other Income (Expense)					
42	419 Interest and Dividend Income	\$ -	\$ -	\$ -		\$ -
43	421 Non-Utility Income	-	-	-		-
44	426 Miscellaneous Non-Utility Expenses	-	-	-		-
45	427 Interest Expense	-	-	-		-
46	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -
47	Net Income (Loss)	\$ (57,964)	\$ 6,593	\$ (51,371)	\$ 158,736	\$ 107,365
48						

Aubrey Water Company
Test Year Ended December 31, 2014
Depreciation Rates and Dereciation Expense

Exhibit: Settlement
Schedule C-2

Company Proposed and Settlement

Line No.	Acct Description	Balance at 12/31/2014	Depreciation Rate	Depreciation Expense
1				
2	301 Organization Cost	\$ -	0.00%	\$ -
3	302 Franchise Cost	-	0.00%	-
4	303 Land and Land Rights	-	0.00%	-
5	304 Structures & Improvements	125,577	3.33%	4,182
6	305 Collecting & Impounding Reservoirs	-	2.50%	-
7	306 Lake, River, Canal Intakes	-	2.50%	-
8	307 Wells & Springs	31,300	3.33%	1,042
9	308 Infiltration Galleries	-	6.67%	-
10	309 Raw Water Supply Mains	-	2.00%	-
11	310 Power Generation Equipment	116,664	5.00%	5,833
12	311 Pumping Equipment	417,905	8.00%	33,432
13	320 Water Treatment Equipment	-		-
14	320.1 Water Treatment Plants	-	3.33%	-
15	320.2 Solution Chemical Feeders	4,872	20.00%	974
16	330 Distribution Reservoirs & Standpipes	-		-
17	330.1 Storage Tanks	304,347	2.22%	6,757
18	330.2 Pressure Tanks	-	5.00%	-
19	331 Transmission & Distribution Mains	655,284	2.00%	13,106
20	333 Services	13,502	3.33%	450
21	334 Meters	46,718	8.33%	3,892
22	335 Hydrants	1,872	2.00%	37
23	336 Backflow Prevention Devices	-	6.67%	-
24	339 Other Plant & Misc Equipment	-	6.67%	-
25	340 Office Furniture & Equipment	-	6.67%	-
26	340.1 Computers & Software	-	20.00%	-
27	341 Transportation Equipment	-	20.00%	-
28	342 Stores Equipment	-	4.00%	-
29	343 Tools, Shop & Garage Equipment	2,906	5.00%	145
30	344 Laboratory Equipment	-	10.00%	-
31	345 Power Operated Equipment	-	5.00%	-
32	346 Communication Equipment	-	10.00%	-
33	347 Miscellaneous Equipment	3,375	10.00%	338
34	348 Other Tangible Plant	-		-
35	TOTALS	\$ 1,724,320		\$ 70,187
36				
37	Less: Amortization of CIAC	\$ 6,046	4.0704%	\$ 246
38				
39	Adjusted Test Year Depreciation Expense			\$ 69,941
40				

Line

No.

General Water Service Rates

		Present	Company	Settlement		
	Description	Rate	Proposed	Year 1	Year 2	Year 3
Monthly Base Charge						
	5/8" x 3/4" Meter (All Classes)	\$ 12.50	\$ 30.30	\$ 20.25	\$ 24.55	\$ 28.50
	3/4" Meter (All Classes)	16.00	45.45	25.90	30.65	35.00
	1" Meter (All Classes)	30.00	75.75	55.50	65.65	75.00
	1.5" Meter (All Classes)	50.00	151.50	107.30	126.90	145.00
	2" Meter (All Classes)	80.00	242.40	170.20	201.25	230.00
	3" Meter (All Classes)	160.00	484.80	240.50	284.40	325.00
	4" Meter (All Classes)	300.00	757.50	460.00	535.00	610.00
	6" Meter (All Classes)	500.00	1,515.00	765.00	895.00	1,020.00
	8" Meter (All Classes)	n/t	n/t	1,710.00	1,995.00	2,280.00
	Bulk Water - Metered ¹	None	20.00	20.00	20.00	20.00
	Bulk Water - Standpipe ²	None	None	None	None	None
Commodity Rates						
5/8" x 3/4" Meter (All Classes)						
Charge Per 1,000 gallons						
	From 1 to 3,000 Gallons	1.75		2.10	3.07	4.20
	From 3,001 to 10,000 Gallons	2.25		2.70	3.94	5.40
	Over 10,000 Gallons	2.70		3.15	4.60	6.30
	From 1 to 3,000 Gallons		4.25			
	From 3,001 to 11,000 Gallons		5.50			
	Over 11,000 Gallons		6.40			
3/4" Meter (All Classes)						
	From 1 to 3,000 Gallons	1.75		2.10	3.07	4.20
	From 3,001 to 10,000 Gallons	2.25		2.70	3.94	5.40
	Over 10,000 Gallons	2.70		3.15	4.60	6.30
	From 1 to 3,000 Gallons		4.25			
	From 3,001 to 20,000 Gallons		5.50			
	Over 20,000 Gallons		6.40			
1" Meter (All Classes)						
	From 1 to 3,000 Gallons	1.75				
	From 3,001 to 10,000 Gallons	2.25				
	Over 10,000 Gallons	2.70				
	From 1 to 28,000 Gallons		5.50	2.70	3.94	5.40
	Over 28,000 Gallons		6.40	3.15	4.60	6.30
1.5" Meter (All Classes)						
	From 1 to 3,000 Gallons	1.75				
	From 3,001 to 10,000 Gallons	2.25				
	Over 10,000 Gallons	2.70				
	From 1 to 48,000 Gallons		5.50	2.70	3.94	5.40
	Over 48,000 Gallons		6.40	3.15	4.60	6.30
2" Meter (All Classes)						
	From 1 to 3,000 Gallons	1.75				
	From 3,001 to 10,000 Gallons	2.25				
	Over 10,000 Gallons	2.70				
	From 1 to 112,000 Gallons		5.50	2.70	3.94	5.40
	Over 112,000 Gallons		6.40	3.15	4.60	6.30

Line No.						
1	General Water Service Rates (Continued)					
2		Present	Company	Settlement		
3	Description	Rate	Proposed	Year 1	Year 2	Year 3
4						
5	Commodity Rates					
6	3" Meter (All Classes)					
7	From 1 to 3,000 Gallons	1.75				
8	From 3,001 to 10,000 Gallons	2.25				
9	Over 10,000 Gallons	2.70				
10	From 1 to 160,000 Gallons		5.50	2.70	3.94	5.40
11	Over 160,000 Gallons		6.40	3.15	4.60	6.30
12						
13	4" Meter (All Classes)					
14	From 1 to 3,000 Gallons	1.75				
15	From 3,001 to 10,000 Gallons	2.25				
16	Over 10,000 Gallons	2.70				
17	From 1 to 250,000 Gallons		5.50	2.70	3.94	5.40
18	Over 250,000 Gallons		6.40	3.15	4.60	6.30
19						
20	6" Meter (All Classes)					
21	From 1 to 3,000 Gallons	1.75				
22	From 3,001 to 10,000 Gallons	2.25				
23	Over 10,000 Gallons	2.70				
24	From 1 to 500,000 Gallons		5.50	2.70	3.94	5.40
25	Over 500,000 Gallons		6.40	3.15	4.60	6.30
26						
27	8" Meter (All Classes)					
28	From 1 to 1,000,000 Gallons	n/t	5.50	2.70	3.94	5.40
29	Over 1,000,000 Gallons	n/t	6.40	3.15	4.60	6.30
30						
31	Bulk Water - Metered ¹	5.00	12.00	12.00	12.00	12.00
32						
33	Bulk Water - Standpipe ²	5.00	12.00	12.00	12.00	12.00
34						
35	¹ Includes Bulk Water delivered for resale from the Company's bulk water fill station and Bulk Water delivered for construction and other					
36	uses from a fire hydrant meter or similar connection where the customer is billed monthly in arrears for water used.					
37	Company may, at its option, close account of a Bulk Water - Metered customer after three consecutive months of zero usage.					
38	² Includes Bulk Water delivered from the Company's automated standpipe where the customer pays for water in advance of delivery.					
39	Standpipe customers pay only for the quantity of water purchased from the Standpipe facility and are not subject to a minimum charge.					
40						
41	n/t - no tariff					
42						
43	Monthly Service Charge for Fire Sprinkler					
44			Company			
45			Proposed &			
46		Present	Settlement			
47		Rate	Rate			
48	All Meter Sizes	n/t	*			
49						
50	* Greater of \$10.00 or 2 percent of the general service rate for a similar size meter					
51						

Aubrey Water Company

Test Year Ended December 31, 2014

Changes in Representative Rate Schedules

Exhibit: Settlement

Schedule H-3

Page 3

Line No.		Present Rates	Company Proposed & Settlement Rates
1	<u>Other Service Charges</u>		
2			
3	Establishment	\$ 25.00	\$ 25.00
4	Establishment (After Hours)	\$ 35.00	n/t
5	Reconnection (Delinquent)	\$ 25.00	\$ 25.00
6	After Hours Charge	n/t	\$ 25.00
7	Meter Test (If correct)	\$ 25.00	\$ 25.00
8	Deposit Requirement	*	*
10	Deposit Interest	*	*
11	Re-Establishment (Within 12 Months)	**	**
12	NSF Check	\$ 25.00	\$ 25.00
13	Deferred Payment, Per Month	1.5%	1.5%
14	Meter Re-Read (If correct)	\$ 10.00	\$ 20.00
15	Moving Customer Meter at Customer Request	n/t	Cost
16	Late Charge per month	n/t	1.50%

17

18 * Per Rule R14-2-403.B

19 ** Number of months off the system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

20

 21 In addition to the collection of regular rates, the utility will collect from its
 22 customers a proportionate share of any privilege, sales, use, and franchise tax,
 23 per Commission rule A.A.C. 14-2-409(D)(5).

24

25 All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.

26

27 n/t - no tariff

28

 29 **Service Line and Meter Installation Charges**

30

	Present Rates			Company Proposed & Settlement Rates		
	<u>Srv. Line</u>	<u>Meter</u>	<u>Total</u>	<u>Srv. Line</u>	<u>Meter</u>	<u>Total</u>
31	5/8" x 3/4" Meter		\$ 440	\$ 500	\$ 155	\$ 655
32	3/4" Meter		\$ 520	\$ 500	\$ 255	\$ 755
33	1" Meter		\$ 610	\$ 550	\$ 315	\$ 865
34	1 1/2" Meter		\$ 855	\$ 610	\$ 525	\$ 1,135
35	2" Meter		\$ 1,515	\$ 925	\$ 1,045	\$ 1,970
36	2" Compound Meter		n/t	\$ 925	\$ 1,890	\$ 2,815
37	3" Meter		\$ 2,195	\$ 1,175	\$ 1,670	\$ 2,845
38	3" Compound Meter		n/t	\$ 1,310	\$ 2,545	\$ 3,855
39	4" Meter		\$ 3,360	\$ 1,660	\$ 2,670	\$ 4,330
40	4" Compound Meter		n/t	\$ 1,865	\$ 3,645	\$ 5,510
41	6" Meter		\$ 6,115	\$ 2,475	\$ 5,025	\$ 7,500
42	6" Compound Meter		n/t	\$ 2,615	\$ 6,920	\$ 9,535
43	8" or Larger Meter		n/t	Cost	Cost	Cost
44	Road Cuts		Cost	Cost	-	Cost

45

 46 All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes,
 47 including gross-up taxes for Federal and State taxes, if applicable.

48

49 All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.

50

51 n/t - no tariff

52

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Exhibit: Settlement
Schedule H-4

First Step - Year 1

Class: Residential
Meter Size: 5/8" x 3/4"

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<u>Present Rates:</u>	-	\$ 12.50	\$ 20.25	\$ 7.75	62.00%
2	Base Charge:	1,000	\$ 14.25	\$ 22.35	\$ 8.10	56.84%
3		2,000	\$ 16.00	\$ 24.45	\$ 8.45	52.81%
4		3,000	\$ 17.75	\$ 26.55	\$ 8.80	49.58%
5	Tier One Rate:	4,000	\$ 20.00	\$ 29.25	\$ 9.25	46.25%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 31.95	\$ 9.70	43.60%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 34.65	\$ 10.15	41.43%
8		7,000	\$ 26.75	\$ 37.35	\$ 10.60	39.63%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 40.05	\$ 11.05	38.10%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 42.75	\$ 11.50	36.80%
11		10,000	\$ 33.50	\$ 45.45	\$ 11.95	35.67%
12		12,000	\$ 38.90	\$ 51.75	\$ 12.85	33.03%
13		14,000	\$ 44.30	\$ 58.05	\$ 13.75	31.04%
14	<u>Proposed Rates:</u>	16,000	\$ 49.70	\$ 64.35	\$ 14.65	29.48%
15	Base Charge:	18,000	\$ 55.10	\$ 70.65	\$ 15.55	28.22%
16		20,000	\$ 60.50	\$ 76.95	\$ 16.45	27.19%
17		25,000	\$ 74.00	\$ 92.70	\$ 18.70	25.27%
18	Tier One Rate:	30,000	\$ 87.50	\$ 108.45	\$ 20.95	23.94%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 124.20	\$ 23.20	22.97%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 139.95	\$ 25.45	22.23%
21		45,000	\$ 128.00	\$ 155.70	\$ 27.70	21.64%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 171.45	\$ 29.95	21.17%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 202.95	\$ 34.45	20.45%
24		70,000	\$ 195.50	\$ 234.45	\$ 38.95	19.92%
25		80,000	\$ 222.50	\$ 265.95	\$ 43.45	19.53%
26		90,000	\$ 249.50	\$ 297.45	\$ 47.95	19.22%
27		100,000	\$ 276.50	\$ 328.95	\$ 52.45	18.97%
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 31.02	\$ 9.54	44.41%
31		Median Usage				
32		2,470	\$ 16.82	\$ 25.44	\$ 8.62	51.25%
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Exhibit: Settlement
Schedule H-4

Second Step - Year 2

Class: Residential
Meter Size: 5/8" x 3/4"

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<u>Present Rates:</u>	-	\$ 12.50	\$ 24.55	\$ 12.05	96.40%
2	Base Charge:	1,000	\$ 14.25	\$ 27.62	\$ 13.37	93.82%
3		2,000	\$ 16.00	\$ 30.69	\$ 14.69	91.81%
4		3,000	\$ 17.75	\$ 33.76	\$ 16.01	90.20%
5	Tier One Rate:	4,000	\$ 20.00	\$ 37.70	\$ 17.70	88.50%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 41.64	\$ 19.39	87.15%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 45.58	\$ 21.08	86.04%
8		7,000	\$ 26.75	\$ 49.52	\$ 22.77	85.12%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 53.46	\$ 24.46	84.34%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 57.40	\$ 26.15	83.68%
11		10,000	\$ 33.50	\$ 61.34	\$ 27.84	83.10%
12		12,000	\$ 38.90	\$ 70.54	\$ 31.64	81.34%
13		14,000	\$ 44.30	\$ 79.74	\$ 35.44	80.00%
14	<u>Proposed Rates:</u>	16,000	\$ 49.70	\$ 88.94	\$ 39.24	78.95%
15	Base Charge:	18,000	\$ 55.10	\$ 98.14	\$ 43.04	78.11%
16		20,000	\$ 60.50	\$ 107.34	\$ 46.84	77.42%
17		25,000	\$ 74.00	\$ 130.34	\$ 56.34	76.14%
18	Tier One Rate:	30,000	\$ 87.50	\$ 153.34	\$ 65.84	75.25%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 176.34	\$ 75.34	74.59%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 199.34	\$ 84.84	74.10%
21		45,000	\$ 128.00	\$ 222.34	\$ 94.34	73.70%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 245.34	\$ 103.84	73.39%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 291.34	\$ 122.84	72.90%
24		70,000	\$ 195.50	\$ 337.34	\$ 141.84	72.55%
25		80,000	\$ 222.50	\$ 383.34	\$ 160.84	72.29%
26		90,000	\$ 249.50	\$ 429.34	\$ 179.84	72.08%
27		100,000	\$ 276.50	\$ 475.34	\$ 198.84	71.91%
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 40.28	\$ 18.80	87.52%
31		Median Usage				
32		2,470	\$ 16.82	\$ 32.13	\$ 15.31	91.02%
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Exhibit: Settlement
Schedule H-4

Final Step - Year 3

Class: Residential
Meter Size: 5/8" x 3/4"

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 12.50	\$ 28.50	\$ 16.00	128.00%
2	Base Charge:	1,000	\$ 14.25	\$ 32.70	\$ 18.45	129.47%
3		2,000	\$ 16.00	\$ 36.90	\$ 20.90	130.63%
4		3,000	\$ 17.75	\$ 41.10	\$ 23.35	131.55%
5	Tier One Rate:	4,000	\$ 20.00	\$ 46.50	\$ 26.50	132.50%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 51.90	\$ 29.65	133.26%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 57.30	\$ 32.80	133.88%
8		7,000	\$ 26.75	\$ 62.70	\$ 35.95	134.39%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 68.10	\$ 39.10	134.83%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 73.50	\$ 42.25	135.20%
11		10,000	\$ 33.50	\$ 78.90	\$ 45.40	135.52%
12		12,000	\$ 38.90	\$ 91.50	\$ 52.60	135.22%
13		14,000	\$ 44.30	\$ 104.10	\$ 59.80	134.99%
14	Proposed Rates:	16,000	\$ 49.70	\$ 116.70	\$ 67.00	134.81%
15	Base Charge:	18,000	\$ 55.10	\$ 129.30	\$ 74.20	134.66%
16		20,000	\$ 60.50	\$ 141.90	\$ 81.40	134.55%
17		25,000	\$ 74.00	\$ 173.40	\$ 99.40	134.32%
18	Tier One Rate:	30,000	\$ 87.50	\$ 204.90	\$ 117.40	134.17%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 236.40	\$ 135.40	134.06%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 267.90	\$ 153.40	133.97%
21		45,000	\$ 128.00	\$ 299.40	\$ 171.40	133.91%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 330.90	\$ 189.40	133.85%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 393.90	\$ 225.40	133.77%
24		70,000	\$ 195.50	\$ 456.90	\$ 261.40	133.71%
25		80,000	\$ 222.50	\$ 519.90	\$ 297.40	133.66%
26		90,000	\$ 249.50	\$ 582.90	\$ 333.40	133.63%
27		100,000	\$ 276.50	\$ 645.90	\$ 369.40	133.60%
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 50.04	\$ 28.56	132.96%
31		Median Usage				
32		2,470	\$ 16.82	\$ 38.87	\$ 22.05	131.09%
33						
34						